

Message Text

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ACTION SS-25

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O R 071828Z DEC 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7724

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO

AMEMBASSY TOKYO

AMEMBASSY BRUSSELS IMMEDIATE

S E C R E T SECTION 01 OF 02 PARIS 36156

EXDIS/DEPARTMENT PASS S/CL. BRUSSELS FOR SECRETARY'S PARTY

E.O. 11652: XGDS-1

TAGS: PFOR, FR, EC, US, XG, ECON

SUBJ: GISCARD'S PROPOSAL FOR ECONOMIC SUMMIT

REF: A) PARIS 35728. B) BONN 20504.

1. ELYSEE INTERNATIONAL STAFFER CLOSE TO GISCARD TELLS US ON STRICTLY INFORMAL, CONFIDENTIAL BASIS, THAT GISCARD'S PROPOSAL FOR A SUMMIT OF THE CHIEF INDUSTRIAL POWERS FLOATED THIS WEEK AT PISA MEETING WITH ANDREOTTI IS NOT MOTIVATED IN FIRST INSTANCE BY NORTH-SOUTH DIALOGUE, BUT BY PRESIDENT'S INCREASINGLY PROFOUND, PERSONAL CONCERN OVER STATE AND PROSPECTS OF FRENCH ECONOMY.

2. MOREOVER, GISCARD IS ALMOST EQUALLY CONCERNED OVER DEVELOPING DIVISION AMONG THE INDUSTRIALIZED STATES INTO THOSE DOING WELL, LIKE FRG, JAPAN, AND THE US, AND THOSE NOT, LIKE ITALY, UK, AND FRANCE. THIS IS SO FUNDAMENTAL A PROBLEM IN FRENCH VIEW, BOTH FROM POINT OF VIEW SELF-PRESERVATION AND WORLD STRUCTURAL PERSPECTIVE, THAT IT NOW HAS INCREASINGLY CLEAR

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PRECEDENCE IN GISCARD'S MIND OVER THIRD WORLD ISSUES, INCLUDING PERHAPS EVEN NORTH-SOUTH CONFERENCE, SINCE

INDUSTRIALIZED COUNTRIES CANNOT HELP THIRD WORLD IF
THEY ARE IN PERMANENT STATE OF CRISIS.

3. GISCARD DOES NOT CONSIDER THAT PUERTO RICO OR
RAMBOUILLET HAVE PRODUCED FAR-REACHING CONCRETE RESULTS.
THEY HAVE, HOWEVER, IMPORTANTLY SENSITIZED THE MAJOR
INDUSTRIAL POWERS TO A GREATER DEGREE THAN IN PAST TO
THEIR PROFOUND INTERDEPENDENCE. GISCARD THEREFORE
CONCLUDED SOME TIME AGO THAT A THIRD SUCH SUMMIT
MEETING MUST BE ORGANIZED FOR EARLY NEXT YEAR, AT WHICH
CERTAIN GENERAL NEW UNDERSTANDINGS NEED BE REACHED.

4. GISCARD'S FIRST PREOCCUPATION, AND CONSEQUENTLY
IN HIS VIEW, THE FIRST AND MAJOR TASK OF SUCH A CON-
FERENCE, WOULD BE TO TRY TO ACHIEVE AGREEMENT IN
PRINCIPLE ON THE HARMONIZATION OF THE MAJOR INDUSTRIAL
ECONOMIES. ELYSEE SOURCE SAID THIS MEANT, IN FIRST
INSTANCE, FRG AGREEMENT TO REFLATE THE GERMAN ECONOMY
TO HELP FRENCH, UK, AND ITALIAN EXPORTS, WHICH ARE NOW
STYMIED, SO AS TO AVERT SPIRAL TOWARD MAJOR NEW
RECESSION, PARTICULARLY IN VIEW PROSPECTS FOR ENERGY
COSTS. GISCARD DISCUSSED THIS CAREFULLY WITH SCHMIDT
AT THE HAGUE. SCHMIDT REMAINS RESERVED BECAUSE HE
CONTINUES TO SEE MAIN GERMAN PROBLEM AS INFLATION.
EVEN SO, WE ARE TOLD, SCHMIDT AGREED TO IDEA OF
CONFERENCE AS SUCH, AN ASSERTION WHICH ELYSEE
SUPPORTED WITH REFERENCE TO FRG SPOKESMAN'S STATEMENT
THAT FRG ATTITUDE TOWARD GISCARD'S PROPOSED CONFER-
ENCE WAS "THOROUGHLY POSITIVE," AS ALSO REPORTED
BONN'S REFTEL. GISCARD PERSONALLY HOPED THAT IF HE
CAN BRING SCHMIDT, IN PARTICULAR, TO FACE UP FULLY TO
IMPLICATIONS FOR WORLD ECONOMY AND EUROPEAN SITUATIONS
OF CONTINUATION HIS PRESENT RESTRICTIVE ECONOMIC
POLICY, A GOOD PART OF OVERALL BATTLE WILL HAVE BEEN
WON.

5. OTHER MAJOR PROBLEM, OF COURSE, INVOLVES JAPANESE,
WHO, WITH HIGHER INFLATION RATE THAN FRG HAVE MORE
REASON TO BE DEFENSIVE. AS FOR US, OUR SOURCE THOUGHT

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THAT GISCARD CONSIDERED PRESIDENT-ELECT CARTER'S
APPARENT INTEREST IN STIMULATING AMERICAN DOMESTIC
ECONOMY AS BIG POSITIVE FACTOR FOR PROBLEM OF
IMBALANCES AMONG MAJOR INDUSTRIAL NATIONS TO WHICH
THEY MUST URGENTLY ADDRESS THEMSELVES.

6. INTERESTINGLY, ELYSEE SOURCE TELLS US THAT, AS
CRISIS SITUATIONS GO, GISCARD PERSONALLY IS

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RELATIVELY SPEAKING OPTIMISTIC ABOUT UK PROSPECTS, SINCE ENERGETIC DOMESTIC MEASURES AND INCREASED PETROLEUM INCOME MIGHT EVEN BALANCE PAYMENTS IN COMING YEARS. CALLAGHAN-GISCARD CONVERSATIONS AT RAMBOUILLET APPARENTLY REACHED GENERAL CONCLUSION THAT NEITHER STERLING BALANCES NOR EXCHANGE RATES, EVEN THOUGH MAJOR PROBLEM, WERE REALLY AT HEART OF MATTER, BUT RATHER WORLD CONFIDENCE IN UK AND IN OTHER INDUSTRIAL ECONOMIES WHICH ARE CURRENTLY IN TROUBLE.

7. AT PISA MEETING WITH ANDREOTTI JUST CONCLUDED (REFTEL A), GISCARD WENT OVER SAME GROUND IN DETAIL WITH ITALIANS. HAVING GAINED FRG, UK, AND THE ITALIAN NIHIL OBSTAT TO HIS CONFERENCE IDEA, HE WENT AHEAD AND MADE ANNOUNCEMENT. ELYSEE CURRENTLY ENVISAGES SUMMIT MEETING MEMBERSHIP ALONG LINES OF PUERTO RICO, INCLUDING ITALIANS, CANADIANS, AND JAPANESE. PERHAPS BECAUSE JAPANESE MAY PROVE THE MOST SKITTISH, OUR SOURCE HINTED THAT GISCARD MIGHT NOT BE AVERSE TO HOLDING MEETING AT TOKYO AS SMALL CARROT.

8. ON OTHER HAND, GISCARD WAS VERY ANXIOUS NOT TO

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PRESS MATTERS TO EXTENT OF INCONVENIENCING
PRESIDENT-ELECT CARTER. GISCARD, THEREFORE, THINKS
SUMMIT MIGHT FOLLOW SOME WEEKS AFTER NEXT EUROPEAN
COUNCIL IN ROME IN MARCH 1977, WHICH WILL MARK 20TH
ANNIVERSARY OF TREATY OF ROME; TO WHIT, PERHAPS, IN
APRIL OR MAY.

9. SOURCE REPEATEDLY EMPHASIZED HIGHLY INFORMAL
NATURE HIS REMARKS, BUT, NEVERTHELESS, EXPRESSED HOPE
THEY MIGHT IN THAT SPIRIT BE PASSED TO PRESIDENT-ELECT
CARTER'S STAFF IN DEPARTMENT FOR THEIR INFORMATION.
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